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E.O. 11652: NA

TAGS: ENRG, BE

SUBJECT: ENERGY COORDINATION GROUP: WORKING PARTY, JUNE 27 AND 28

1974

FOLLOWING IS TEXT OF ECG DOCUMENT NUMBER WP/54 RECEIVED FROM
BELGIAN MINFORAFFAIRS: BEGIN QUOTE: CHAIRMAN'S NOTE

1. THIS NOTE IS INTENDED TO FACILITATE THE DISCUSSIONS OF
THE ENERGY COORDINATING GROUP ON THE ELEMENTS OF AN INTEGRATED
EMERGENCY PROGRAM.

2. THIS NOTE IS CIRCULATED UNDER THE RESPONSIBILITY OF THE
CHAIRMAN. IT TAKES INTO ACCOUNT THE DISCUSSIONS WHICH HAVE
TAKEN PLACE WITHIN THE WORKING GROUP, ACCORDING TO ITS TERMS
OF REFERENCE ECG/WP/52. SOME DELEGATIONS HAVE INDICATED THAT
ALTHOUGH PARTICIPATING IN THE WORK OF THE GROUP, THEY HAD TO
EXPRESS A GENERAL RESERVE.

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3. AS AGREED TO BY THE WORKING PARTY, AN ILLUSTRATIVE CHART WILL BE CIRCULATED AS SOON AS POSSIBLE.

A. EMERGENCY DEMAND RESTRAINT

-THE PARTICIPATING COUNTRIES ACKNOWLEDGE THE FUNDAMENTAL RELATIONSHIP, IN TERMS OF BURDEN SHARING, BETWEEN AN AGREED LEVEL OF DEMAND RESTRAINT AND THE SYSTEM OF OIL ALLOCATION IN TIME OF CRISIS.

-THE CRITERION FOR ASSESSING LEVELS OF DEMAND RESTRAINT IS A BASIC ISSUE AND REMAINS UNSETTLED. THERE ARE DIVERGENT VIEWS AS TO WHETHER THIS CRITERION SHOULD BE A COUNTRY'S CONSUMPTION OF OIL OR TOTAL ENERGY CONSUMPTION. -THESE DIVERGENT VIEWS HAVE NOT PREVENTED THE PRESENTATION, FOR CONSIDERATION BY THE ECG, OF THE FOLLOWING OPERATIONAL SCHEME FOR DEMAND RESTRAINT.

1. EACH PARTICIPATING COUNTRY SHOULD BE PREPARED TO RESTRAIN ITS (OIL/TOTAL ENERGY) CONSUMPTION IN AN EMERGENCY BY BRINGING ABOUT AN AGREED COMMON MINIMUM REDUCTION IN SUCH CONSUMPTION.

2. FOR THE TIME BEING, THE CONSUMPTION RATE BASIS AGAINST WHICH ALL DEMAND RESTRAINT CALCULATIONS WOULD BE MADE IS THE PARTICIPANT'S NORMAL AVERAGE DAILY RATE OF (OIL/TOTAL ENERGY) CONSUMPTION FOR 1973. (SEE FOOTNOTE) THE METHOD OF DETERMINING THE BASE FOR FUTURE CALCULATIONS WOULD BE REVIEWED BY THE COMPETENT BODY AT AN EARLY DATE AND NO LATER THAN 1 JULY, 1975. EACH COUNTRY WOULD MAINTAIN A PROGRAM OF STAND-BY EMERGENCY RESTRAINT MEASURES WHICH, IF FULLY IMPLEMENTED, WOULD REDUCE CONSUMPTION TO THE AGREED PERCENTAGE OF 1973 CONSUMPTION. (FOOTNOTE: AN EXPERT BODY WILL DETERMINE WHETHER ALLOWANCE SHOULD BE MADE FOR SEASONAL VARIATIONS. END FOOTNOTE.)

3. IT WAS AGREED THAT THE "THRESHOLD" FIGURE FOR A SHORTFALL IN THE GROUP'S IMPORTS OF OIL (E.G. 5 PERCENT -8 PERCENT OF NORMAL SUPPLIES) SHOULD BE LOW. AS A GENERAL PRINCIPLE, THE LEVEL OF THE DEMAND RESTRAINT COMMITMENT SHOULD BE (THE SAME AS) (HIGHER THAN) THE THRESHOLD FIGURE LIMITED OFFICIAL USE

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WHICH ACTIVATES THE DEMAND RESTRAINT PROGRAM. WHEN THE AGREED THRESHOLD IS REACHED, THE PROGRAMME WOULD COME INTO EFFECT, I.E. ALLOCATION OF AVAILABLE OIL WOULD TAKE PLACE WITH INDIVIDUAL PARTICIPANTS SUPPLY RIGHTS CALCULATED ON THE BASIS OF TARGET EMERGENCY SUPPLIES AND THE PREVIOUSLY ESTABLISHED RESTRAINED LEVEL OF CONSUMPTION. IF IT IS SUBSEQUENTLY FOUND THAT THIS DEMAND RESTRAINT PROGRAM CURTAILS CONSUMPTION BY MORE THAN THE SHORTFALL

IN SUPPLIES, THE GROUP COULD DECIDE TO MODIFY THE DEMAND RESTRAINT MEASURES AS APPROPRIATE, UNDER THE PROVISIONS DESCRIBED UNDER D, POINT 4 (GENERAL REVIEW CLAUSE).

IN THIS AND ALL OTHER SITUATIONS COVERED BY THIS PROGRAM, COUNTRIES ARE OF COURSE FREE TO RESTRAIN DEMAND BY MORE THAN THE MANDATORY LEVEL. (SEE FOOTNOTE). HOWEVER, IN THE CALCULATION OF THEIR SUPPLY RIGHTS UNDER THE ALLOCATION FORMULA, IT WILL BE PRESUMED THAT THEY HAVE RESTRAINED DEMAND BY THE AGREED COMMON AMOUNT. (FOOTNOTE: COUNTRIES MIGHT ALSO RESTRAIN DEMAND LESS THAN THE MANDATORY LEVEL BUT ONLY TO A DEGREE CONSISTENT WITH THE OVERALL ECONOMY OF THE SYSTEM AND WITH THE PRINCIPLE OF SOLIDARITY. END FOOTNOTE.)

5. IT WAS FINALLY AGREED AS A WORKING HYPOTHESIS THAT A FURTHER STAGE MIGHT ARISE, AS A RESULT OF DEPLETION OF TARGET EMERGENCY SUPPLIES HAVING REACHED A HIGH LEVEL-E.G. 50 PERCENT. IF THIS OCCURRED, DEEPER REDUCTIONS IN CONSUMPTION COULD BE CONSIDERED UNDER THE PROVISIONS DESCRIBED UNDER D, POINT 4 (GENERAL REVIEW CLAUSE).

6. THE PROCEDURE FOR EVALUATING EACH COUNTRY'S COMPLIANCE WITH ITS COMMITMENT TO ESTABLISH A SERIES OF DEMAND RESTRAINT MEASURES RESTS PRIMARILY ON THE GROUP'S ACCEPTANCE OF EACH MEMBER'S UNDERTAKING TO COMPLY WITH THE AGREED COMMON DEMAND RESTRAINT PERCENTAGE. IN ADDITION, A STANDING TECHNICAL COMMITTEE MIGHT BE ESTABLISHED WHOSE FUNCTIONS WOULD BE TO REVIEW, ON A CONTINUING BASIS, THE DEMAND RESTRAINT PROGRAM OF EACH PARTICIPATING COUNTRY IN ORDER TO ASSESS:

(I) EACH COUNTRY'S POSITION RELATIVE TO THE TARGET;
(II) THE EFFECTIVENESS OF EACH COUNTRY'S MEASURES FOR ATTAINING ITS TARGET. TECHNICAL STUDIES MIGHT
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ALSO BE UNDERTAKEN TO DETERMINE WHETHER AND HOW THE COMMON MINIMUM PERCENTAGE TARGET COULD BE INCREASED.

B. EMERGENCY SUPPLIES

1. SELF SUFFICIENCY CAPABILITY

THE BASIC PRINCIPLE OF THE PROGRAM IS A COMMITMENT BY THE PARTICIPATING COUNTRIES TO DEVELOP A COMMON SELF SUFFICIENCY CAPABILITY EXPRESSED IN TERMS OF THE SAME NUMBER OF DAYS EACH COUNTRY WOULD BE ABLE TO MAINTAIN (NORMAL CONSUMPTION) (CONSUMPTION AT THE AGREED RESTRAINT LEVEL) WITHOUT IMPORTS OF OIL. (SEE FOOTNOTE 1.) A SELF SUFFICIENCY CAPABILITY OF () DAYS FOR EACH PARTICIPATING COUNTRY SHOULD ENTER INTO FORCE NO LATER THAN (OCT. 1974).

A LONG TERM COMMITMENT OF () DAYS OF SELF SUFFICIENCY
SHOULD ENTER INTO FORCE BY () (SEE FOOTNOTE 2).
(FOOTNOTE 1: 1973 BEING A POSSIBLE INITIAL BASE PERIOD
(QUESTION TO BE STUDIES BY AN EXPERT BODY). END FOOTNOTE)
FOOTNOTE 2: POSSIBLE A LIST OF INTERMEDIATE TARGETS SHOULD
BE WORKED OUT. END FOOTNOTE)

2. DEFINITION

THE SELF SUFFICIENCY CAPABILITY SHALL BE MET BY EMERGENCY
OIL STOCKS, STAND-BY PRODUCTION AND FUEL SWITCHING
CAPACITY.

A) EMERGENCY OIL STOCKS MEANS STOCKS OF CRUDE OIL OR
REFINED PRODUCTS.

-THAT ARE NOT ESSENTIAL TO THE OPERATION OF THE
REFINING AND DISTRIBUTION SYSTEM;

-THAT WOULD AT VERY SHORT NOTICE BE FULLY AT THE
DISPOSAL OF THE GOVERNMENT CONCERNED IN CASE OF
EMERGENCY.

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B) DOMESTIC OIL PRODUCTION CAPACITY WHICH IS HELD IN RESERVE FOR EMERGENCY AND CAPABILITY TO SWITCH FROM OIL CONSUMPTION TO OTHER FUEL CONSUMPTIONS MAY CONSTITUTE PART OF THE SELF SUFFICIENCY CAPABILITY ACCORDING TO PRINCIPLES TO BE WORKED OUT.

3. LONG TERM INVESTMENT CREDIT SYSTEM

A CREDIT SYSTEM FOR LONG TERM INVESTMENTS TO BE TAKEN INTO ACCOUNT IN MEETING SELF SUFFICIENCY COMMITMENTS IS DEALT WITH IN ANNEX OF E.

4. TECHNICAL COMMITTEE

A TECHNICAL COMMITTEE SHOULD BE ESTABLISHED UNDER THE PROGRAM TO:

A) REFINE FURTHER THE CONCEPTS OF

- EMERGENCY OIL STOCKS;
- DOMESTIC OIL PRODUCTION WHICH IS HELD IN RESERVE FOR EMERGENCY PURPOSES;
- CAPABILITY TO SWITCH FROM OIL CONSUMPTION TO OTHER LIMITED OFFICIAL USE

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FUEL CONSUMPTION.

B) KEEP UNDER REVIEW THE ADEQUACY OF THE AGREED SELF SUFFICIENCY TARGET;

C) EXAMINE POTENTIAL SAVINGS IN THE DISTRIBUTION SYSTEM WHICH COULD INCREASE SUPPLIES IN AN EMERGENCY.

5. RECOMMENDATIONS FOR FURTHER WORK

IT IS SUGGESTED THAT A WORKING GROUP BE SET UP TO WORK DURING THE MEETING OF THE ECG ON JULY 8-9TH. THIS WORKING GROUP SHOULD MAKE RECOMMENDATIONS TO THIS MEETING ON THE CONCEPTS FOR:

A) EMERGENCY OIL STOCKS, ON THE BASIS OF THE ABOVE DESCRIPTION AND THE EEC AND OECD DEFINITIONS. INTER ALIA THE QUESTION WHETHER STOCKS IN THIRD COUNTRIES AND OIL IN PIPELINES OR AT SEA CAN BE CONSIDERED AS A PART OF THE EMERGENCY STOCK SHALL BE CONSIDERED.

B) ELIGIBILITY OF:

- DOMESTIC OIL PRODUCTION CAPABILITY WHICH IS HELD IN RESERVE FOR EMERGENCY PURPOSES;
- CAPABILITY TO SWITCH FROM OIL CONSUMPTION TO OTHER FUEL CONSUMPTIONS AS A PART OF THE SELF SUFFICIENCY CAPABILITY.

ON THE BASIS OF THESE CONCEPTS, THE WORKING GROUP SHOULD SUGGEST A SELF SUFFICIENCY TARGET THAT CAN ENTER INTO FORCE NO LATER THAN (OCT. 1ST 1974).

IN ORDER TO BE ABLE TO DISCUSS AT THE ECG MEETING ON JULY 8-9TH THE ISSUES INVOLVED IN THE ESTABLISHMENT OF A LONG TERM SELF SUFFICIENCY TARGET, EACH MEMBER OF THE GROUP WILL IN ADVANCE STUDY THE COST INVOLVED IN INCREASING THE SELF SUFFICIENCY CAPABILITY OF HIS COUNTRY.

C. ALLOCATION OF AVAILABLE OIL

1. THE PRINCIPLES GOVERNING THE FORMULA ARE:

-A PRE-ESTABLISHED DEVICE ENSURING THAT AVAILABLE LIMITED OFFICIAL USE

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OIL WILL BE ALLOCATED AMONG THE PARTICIPATING COUNTRIES IN SUCH A WAY THAT EACH COUNTRY RESPECTING ITS COMMITMENTS WILL BE ABLE TO LIVE ON ITS EMERGENCY SUPPLIES AT THE AGREED TARGET LEVEL FOR THE SAME PERIOD.

-IN ANY GIVEN CASE, INDIVIDUAL COUNTRIES MIGHT CHOOSE TO TAKE OTHER EQUIVALENT MEASURES SUCH AS SPECIAL DEMAND RESTRAINT PROGRAMS-IN LIEU OF HOLDING AND DRAWING DOWN EMERGENCY SUPPLIES.

-A UNIFORM RATE OF DEMAND RESTRAINT IS ASSUMED TO BE APPLIED TO ALL MEMBERS OF THE GROUP.

2. WHEN NOT THE GENERAL BUT ONLY THE SELECTIVE TRIGGER IS PULLED AND DEMAND RESTRAINT HAS NOT BEEN MADE MANDATORY, ALLOCATION WILL TAKE PLACE ON THE SAME PRINCIPLES BUT MEASURED AGAINST NORMAL RATHER THAN RESTRAINED CONSUMPTION.

3. IN SUMMARY, EACH COUNTRY'S "SUPPLY RIGHTS" WOULD BE CALCULATED IN THE FOLLOWING MANNER:

SUPPLY RIGHTS (DAILY RATE) EQUALS PERMISSIBLE CONSUMPTION (DAILY RATE) MINUS EMERGENCY SUPPLY DRAWDOWN OBLIGATION (DAILY RATE).

WHERE:

"PERMISSIBLE CONSUMPTION" IS THE AVERAGE DAILY RATE OF NORMAL OIL CONSUMPTION DURING THE AGREED BASE PERIOD IF EMERGENCY DEMAND RESTRAINTS HAVE NOT BEEN ACTIVATED, AND IT IS THE RESTRAINED RATE OF CONSUMPTION AFTER THE EMERGENCY DEMAND RESTRAINT PROGRAM GOES INTO EFFECT."

"EMERGENCY SUPPLY DRAWDOWN OBLIGATION" EQUALS COUNTRY EMERGENCY SUPPLY TARGET DIVIDED BY EMERGENCY SUPPLY TARGET FOR GROUP AND MULTIPLIED BY GROUP'S SUPPLY SHORTFALL, I.E., THE GROUP'S SHORTFALL WILL BE APPORTIONED AMONG THE INDIVIDUAL MEMBERS IN PROPORTION TO THEIR EMERGENCY SUPPLIES TARGET.

"SUPPLY SHORTFALL" IS THE SHORTFALL IN OIL SUPPLIES

FOR THE GROUP AS A WHOLE AS MEASURED BY THE AGGREGATE OF PERMISSIBLE CONSUMPTION FOR THE GROUP MINUS THE CURRENT DAILY RATE OF OIL SUPPLIES (I.E., THE GROUP'S PRODUCTION PLUS NET OIL IMPORTS) ACTUALLY LIMITED OFFICIAL USE

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AVAILABLE.

ALL CALCULATIONS SHOULD BE MADE ON THE BASIS OF TARGET RATHER THAN ACTUAL EMERGENCY SUPPLIES: I.E., COUNTRIES FAILING TO MEET THE EMERGENCY SUPPLIES COMMITMENT WOULD REMAIN MORE VULNERABLE THAN COMPLYING MEMBERS.

4. THE PARTICIPATING COUNTRIES AGREE THAT SUPPLIES SUBJECT TO AN ALLOCATION SCHEME SHOULD COMPRISE ALL CRUDE OIL, OTHER REFINERY FEEDSTOCKS AND FINISHED PRODUCTS PRODUCED IN ASSOCIATION WITH CRUDE OIL AND NATURAL GAS AVAILABLE TO THE GROUP AREA.

5. THE PARTICIPATING COUNTRIES ARE OF THE VIEW THAT THE PRICE FOR ALLOCATED OIL SHOULD BE BASED ON THE PRICE CONDITIONS PREVAILING FOR COMPARABLE COMMERCIAL TRANSACTIONS. INSOFAR AS POSSIBLE, FAIR TREATMENT FOR ALL MEMBERS SHOULD BE ENSURED.

6. THE QUESTION OF THE CONSEQUENCES OF IEP IMPLEMENTATION ON NON-MEMBERS WILL ALSO HAVE TO BE CONSIDERED. THE WORKING GROUP REFERRED TO UNDER B, POINT 5, MIGHT BE ASKED TO MAKE APPROPRIATE SUGGESTIONS TO THE ECG.

D. RULES FOR ACTIVATION OF EMERGENCY MEASURES

1. THE TRIGGER

THE INTEGRATED EMERGENCY PROGRAM SHALL BE ACTIVATED WHENEVER EITHER THE GROUP AS A WHOLE, OR ANY PARTICIPATING COUNTRY EXPERIENCES AN INTERRUPTION OF SUPPLY.

A. GENERAL TRIGGER (COMPARE TO A ABOVE)

(I) INTERNATIONAL ALLOCATION AND MANDATORY DEMAND RESTRAINT MEASURES SHALL BE INSTITUTED BY EACH PARTICIPATING COUNTRY. WHEN THE GROUP SUSTAINS, OR CAN REASONABLY BE EXPECTED TO SUSTAIN, A REDUCTION OF (E.G., 5 TO 8) PER CENT OF THE AVERAGE DAILY RATE OF ITS TOTAL (OIL SUPPLY) (NET OIL IMPORTS) DURING THE BASE PERIOD.

(II) WORKING HYPOTHESIS: WHEN THE SUPPLY SHORTFALL REACHES A SECOND PREVIOUSLY AGREED LEVEL (E.G., 8-12 PER CENT), AN ADDITIONAL PREVIOUSLY AGREED LEVEL OF DEMAND RESTRAINT SHALL BE MANDATORY FOR EACH PARTICIPATING COUNTRY.

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(III) WORKING HYPOTHESIS: WHEN DEPLETION OF TARGET
EMERGENCY SUPPLIES HAVE REACHED A HIGH LEVEL (E.G.,
50 PERCENT) DEEPER REDUCTIONS OF CONSUMPTION WILL BE
CONSIDERED.

B. SELECTIVE TRIGGER

WITH RESPECT TO ANY PARTICIPATING COUNTRY, INTERNATIONAL
ALLOCATION SHALL BEGIN WHENEVER SUCH COUNTRY SUSTAINS, OR
CAN REASONABLY BE EXPECTED TO SUSTAIN, A REDUCTION IN THE
DAILY RATE OF ITS TOTAL ((I) NET OIL IMPORTS AT LEASE EQUAL
TO (5) PER CENT OF THE AVERAGE DAILY RATE OF SUCH IMPORTS
DURING THE BASE PERIOD).

OR

((II) OIL SUPPLY AT LEAST EQUAL TO (5) PER CENT OF THE
AVERAGE DAILY RATE OF SUCH SUPPLY DURING THE BASE PERIOD).
WHEN INTERNATIONAL ALLOCATION BUT NOT THE MANDATORY DEMAND
RESTRAINT PROGRAM IS IN EFFECT, INDIVIDUAL MEMBERS SHALL BE
FREE TO DEAL WITH RESULTING REDUCTION IN THEIR OWN OIL
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IMPORTS (INCLUDING THOSE RESULTING FROM INTERNATIONAL ALLOCATION) THROUGH ANY COMBINATION OF MEASURES, SUCH AS SELECTIVE DEMAND RESTRAINTS AND DRAWDOWN OF STOCKS, OF THEIR OWN CHOOSING.

2. SUPPLY INTERRUPTIONS

FOR THE PURPOSES OF THIS ARRANGEMENT, INTERRUPTIONS OF SUPPLY SHALL INCLUDE, INTER ALIA, THE FOLLOWING SITUATIONS:

(A) CURTAILMENTS OF OIL EXPORTS FROM PRODUCING COUNTRIES WHETHER ECONOMICALLY OR POLITICALLY MOTIVATED, OR

(B) INTERRUPTION OF PRODUCTION OR TRANSPORTATION DUE TO WAR OR OTHER HOSTILE ACTS, OR MAJOR NATURAL DISASTERS.

THE ARRANGEMENT SHALL NOT COVER FLUCTUATIONS OF SUPPLY ATTRIBUTABLE TO MARKET FORCES OR ORDINARY OPERATIONAL DIFFICULTIES OF THE INDUSTRY. (SEE FOOTNOTE) (FOOTNOTE:

THE QUESTION REMAINS TO BE DISCUSSED WHETHER AN INTERRUPTION OF SUPPLY DUE TO A STRIKE IN A PRODUCING COUNTRY OUTSIDE THE GROUP IS AN INTERRUPTION WITHIN THE MEANING OF THE ARRANGEMENT.)

3. ACTIVATION OF THE TRIGGER

THE FOLLOWING TWO ALTERNATIVES CONCERNING HOW THE TRIGGER WOULD BE ACTIVATED WERE CONSIDERED:

(A) (I) AN INTERNATIONAL SECRETARIAT, ON THE BASIS OF STATISTICS AND OTHER INFORMATION AVAILABLE TO IT, DETERMINES WHETHER AN INTERRUPTION OF SUPPLY HAS OCCURRED AND THE AMOUNT OF THE REDUCTION IN OIL SUPPLY TO EACH PARTICIPATING COUNTRY AND TO THE GROUP AS A WHOLE RESULTING OR LIKELY TO RESULT THEREFROM.

(II) A SENIOR CRISIS MANAGEMENT COMMITTEE SHALL BE KEPT INFORMED OF THE SECRETARIAT'S DELIBERATIONS AND SHALL MEET PROMPTLY AFTER THE SECRETARIAT HAS MADE A DETERMINATION TO REVIEW THE ACCURACY OF THE DATA COMPILED AND THE INFORMATION UTILIZED. THE COMMITTEE SHALL THEN DECIDE WITHIN (3) CALENDAR DAYS WHETHER TO REVERSE THE DETERMINATION. IF IT DOES NOT REVERSE THE DETERMINATION, THE MEASURES PRESCRIBED IN THE PROGRAM SHALL THEN BECOME EFFECTIVE WITHIN (15) DAYS UNLESS THE COMMITTEE DECIDES TO MODIFY THE MEASURES AND THE TIMING OF THEIR ENTRY INTO FORCE.

(III) THE CRISIS MANAGEMENT COMMITTEE SHALL ALSO MEET LIMITED OFFICIAL USE

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ON REQUEST OF ANY PARTICIPATING COUNTRY.

(B) A SENIOR MANAGEMENT COMMITTEE DETERMINES ON REQUEST OF AN INTERNATIONAL SECRETARIAT OR ANY PARTICIPATING COUNTRY WHETHER AN INTERRUPTION OF SUPPLY HAS OCCURRED.

4. REVIEW CLAUSE

ONE EITHER THE INTERNATIONAL ALLOCATION OR DEMAND RESTRAINT PROGRAM IS ACTIVATED, THE CRISIS MANAGEMENT COMMITTEE WILL REMAIN IN PERMANENT SESSION FOR THE PURPOSES OF:

- REVIEWING THE SITUATION AND ACTION THERETOFORE TAKEN TO MEET IT;

- MODIFYING OR SUPPLEMENTING ACTION AS APPROPRIATE TO MEET THE EXISTING OR ANTICIPATED SITUATION.

N.B.: VOTING RULES AND PROCEDURES FOR THE SENIOR CRISIS MANAGEMENT COMMITTEE REMAIN TO BE FORMULATED.

E. LONG-TERM COOPERATION:

THE PARTICIPATING COUNTRIES ARE DETERMINED TO AND WILL TAKE STEPS TO REDUCE OVER THE LONGER TERM THEIR DEPENDENCE ON IMPORTED OIL FOR MEETING THEIR TOTAL ENERGY REQUIREMENTS. TO THIS END, THEY WILL UNDERTAKE NATIONAL PROGRAMS, AND THEY AGREE JOINTLY TO CONSIDER THE ADOPTION, NO LATER THAN () OF COOPERATIVE PROGRAMS COVERING THE FOLLOWING FIELDS:

- CONSERVATION AND RATIONAL UTILIZATION OF ENERGY;
- DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY INCLUDING COAL, NATURAL GAS, NUCLEAR ENERGY AND HYDRO-ELECTRIC POWER;
- ENERGY RESEARCH AND DEVELOPMENT;
- URANIUM ENRICHMENT

A STANDING COMMITTEE ON LONG-TERM COOPERATION IS SET UP UNDER THE PROGRAM WITH THE TASK OF FORMULATING RECOMMENDATIONS ON THIS LONG TERM COOPERATIVE EFFORT.

ANNEX TO E (LONG-TERM COOPERATION)

IN FORMULATING ITS RECOMMENDATIONS FOR THE INITIAL LONG-TERM COOPERATIVE PROGRAM, SOME DELEGATIONS BELIEVE THE STANDING COMMITTEE SHOULD CONSIDER I.A. THE FOLLOWING ISSUES:

- NATIONAL AND GROUP TARGETS FOR CONSERVATION AND RATIONAL UTILIZATION OF ENERGY;
- NATIONAL AND GROUP TARGETS FOR DEVELOPMENT OF LIMITED OFFICIAL USE

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ALTERNATIVE ENERGY RESOURCES;

- COOPERATIVE MEASURES FOR SHARING PUBLIC EXPENDITURES IN DEVELOPMENT OF ALTERNATIVE ENERGY RESOURCES AS WELL AS ENERGY RESEARCH AND DEVELOPMENT;

- COOPERATIVE MEASURES IN PROVIDING CREDIT FACILITIES FOR PRIVATE EXPENDITURE IN DEVELOPMENT OF ALTERNATIVE ENERGY RESOURCES AS WELL AS ENERGY RESEARCH AND DEVELOPMENT;

- COOPERATIVE MEASURES TO ASSURE INVESTORS OF A MINIMUM RETURN ON INVESTMENTS WHEN THESE ARE BROUGHT ON STREAM;

- COOPERATIVE MEASURES TO ASSURE THE INTEGRITY OF INVESTMENTS BETWEEN PARTICIPATING COUNTRIES;

- ABOLITION OF BARRIERS TO ENERGY TRADE AND INVESTMENTS BETWEEN PARTICIPATING COUNTRIES;
- A CREDIT SYSTEM FOR ENERGY INVESTMENTS TO BE TAKEN INTO ACCOUNT IN COUNTRIES MEETING THEIR EMERGENCY SUPPLY TARGET OBLIGATIONS, CONSIDERING THAT THE INVESTMENTS WILL, IN THE LONG-TERM, CONTRIBUTE TO THE REDUCTION OF THE GROUP'S DEPENDENCE ON IMPORTED OIL.

F. GENERAL PROVISIONS

1. INFORMATION SYSTEM:

THE GOVERNMENTS OF THE COUNTRIES PARTICIPATING IN THIS PROGRAM AGREE TO FURNISH AND TO TAKE ANY NECESSARY STEPS TO ASSURE THAT COMPANIES OPERATING IN THEIR COUNTRIES FURNISH DATA NEEDED FOR THE PROGRAM. A PERMANENT SECRETARIAT RESPONSIBLE TO A GOVERNING BODY WILL ESTABLISH PROMPTLY AND MANAGE THE COMPREHENSIVE INFORMATION SYSTEM REQUIRED FOR THE ADMINISTRATION AND IMPLEMENTATION OF THIS EMERGENCY PROGRAM.

THE PERMANENT SECRETARIAT WILL CONSULT WITH EXPERTS DRAWN FROM INDUSTRY AND GOVERNMENTS TO ASSIST IT IN IDENTIFYING SPECIFIC DATA NEEDED FOR THE EFFICIENT OPERATION OF THE PROGRAM AND IN ESTABLISHING PROCEDURES FOR OBTAINING THIS DATA ON A TIMELY BASIS.

IN ANNEX A IS GIVEN A PRELIMINARY LIST OF THE TYPES OF NATIONAL AND INTERNATIONAL INFORMATION NEEDED FOR THE PROGRAM.

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2. CONSULTATION AND REVIEW

- THE PARTICIPATING COUNTRIES WILL REVIEW PERIODICALLY DEVELOPMENTS IN THE INTERNATIONAL ENERGY SITUATION AND THE ECONOMIC AND MONETARY IMPLICATIONS OF THESE DEVELOPMENTS.

- THE PARTICIPATING COUNTRIES WILL ALSO CONSULT REGULARLY AND TAKE APPROPRIATE ACTION ON ALL MATTERS WITHIN THE SCOPE OF THE PROGRAM INCLUDING:

- EMERGENCY MEASURES;
- PROBLEMS RELATING TO THE OIL SUPPLIES OF ANY PARTICIPATING COUNTRY OR GROUP OF COUNTRIES;
- LONG TERM COOPERATION;
- THE INTERNATIONAL INFORMATION SYSTEM CONCERNING INTERNATIONAL OIL COMPANIES.
- ANY COUNTRY WOULD BE ENTITLED TO REQUEST CONSULTATIONS ON APPROPRIATE MEASURES ON 72 HOURS NOTICE IF:

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- (I) IT IS THE TARGET OF SELECTIVE MEASURES;
- (II) IT BELIEVES A GENERAL EMERGENCY EXISTS.

3. COORDINATION WITH INTERNATIONAL OIL INDUSTRY
ARRANGEMENTS WILL BE MADE TO ENSURE THAT INDUSTRY
PARTICIPATES IN THE PROGRAM.

4. PREPARATORY WORK FOR SETTING UP THE PROGRAM
PROVISIONS WILL BE MADE FOR THE INTERIM MANAGEMENT OF
THE PROGRAM UNTIL IT IS TAKEN OVER BY A PERMANENT
INSTITUTIONAL MECHANISM.

5. GENERAL REVIEW AND DURATION OF THE INTEGRATED EMERGENCY
PROGRAM
PROVISIONS FOR REVIEW AND DURATION OF THE IEP WILL BE
DISCUSSED.

ANNEX A

PRELIMINARY LIST OF THE TYPES OF NATIONAL AND INTERNATIONAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

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INFORMATION NEEDED FOR THE PROGRAM

DEMAND RESTRAINT:

-NORMAL NATIONAL CONSUMPTION ON THE BASIS OF THE MOST RECENT TWELVE MONTH PERIOD, ACTUAL CURRENT LEVELS, OR BOTH.

-THE ABILITY OF EACH COUNTRY TO RESTRAIN CONSUMPTION DURING TIMES OF EMERGENCY UNDER ITS COMMITMENTS IN THIS PROGRAM.

-THE TIME REQUIRED TO IMPLEMENT DEMAND RESTRAINT MEASURES.

-ACTUAL SAVINGS IN CONSUMPTION DURING PERIODS OF SUPPLY EMERGENCY.

STANDBY SUPPLIES:

-LEVELS OF EMERGENCY SUPPLIES IN NORMAL AND CRISIS SITUATIONS, INCLUDING STOCKS, STANDBY SUPPLIES, ETC.

-COMPLIANCE BY EACH COUNTRY WITH ITS EMERGENCY SELF-SUFFICIENCY COMMITMENTS UNDER THE PROGRAM.

INTERNATIONAL SUPPLY, DEMAND AND MOVEMENT OF OIL:

-CURRENT AND PROJECTED LEVELS OF INTERNATIONAL SUPPLY AND DEMAND.

-VARIATIONS FROM NORMAL LEVELS OF OIL SUPPLIES FOR THE GROUP AS A WHOLE AND FOR INDIVIDUAL MEMBERS.

-AMOUNT OF OIL AVAILABLE TO GROUP AS A WHOLE DURING AN EMERGENCY INCLUDING OIL AT SEA WHEN THE CRISIS BEGINS."
FIRESTONE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, PETROLEUM, DOCUMENTS, IEP, EMERGENCY PLANNING, COMMITTEES, DIPLOMATIC NOTES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Number: 1974BRUSSE04848
Document Source: CORE
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Film Number: D740176-0669
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740778/aaaacpbb.tel
Line Count: 681
Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: LIMITED OFFICIAL USE
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Reference: n/a
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TAGS: ENRG, BE, ECG
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Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005